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DEPARTMENT OF TRANSPORTATION
National Highway Traffic Safety Administration
Petition for Exemption from the
Federal Motor Vehicle Theft Prevention Standard;
BMW of North America, LLC

AGENCY: National Highway Traffic Safety Administration (NHTSA) Department of Transportation (DOT).

ACTION: Grant of petition for exemption.

SUMMARY: This document grants in full the BMW of North America, LLC (BMW) petition for an exemption of the X1 multi-purpose vehicle line (MPV) in accordance with 49 CFR Part 543, Exemption from the Theft Prevention Standard. This petition is granted because the agency has determined that the antitheft device to be placed on the line as standard equipment is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of 49 CFR Part 541, Federal Motor Vehicle Theft Prevention Standard (Theft Prevention Standard). BMW requested confidential treatment for specific information in its petition that the agency will address by separate letter.

DATES: The exemption granted by this notice is effective beginning with the 2016 model year (MY).

FOR FURTHER INFORMATION CONTACT: Ms. Carlita Ballard, Office of International Policy, Fuel Economy and Consumer Programs, National Highway Traffic Safety Administration, 1200 New Jersey Avenue, S.E., West Building, Room W43-439, Washington,

DC 20590. Ms. Ballard's telephone number is (202) 366-5222. Her fax number is (202) 493-2990.

SUPPLEMENTAL INFORMATION: In a petition dated November 21, 2014, BMW requested an exemption from the parts-marking requirements of the Theft Prevention Standard for the X1 MPV vehicle line beginning with MY 2016. The petition requested an exemption from parts-marking pursuant to 49 CFR Part 543, Exemption from Vehicle Theft Prevention Standard, based on the installation of an antitheft device as standard equipment for the entire vehicle line.

Under 49 CFR Part 543.5(a), a manufacturer may petition NHTSA to grant an exemption for one vehicle line per model year. BMW stated that its X1 MPV line will be replacing its X1 passenger car line beginning with MY 2016. In its petition, BMW provided a detailed description and diagram of the identity, design, and location of the components of the antitheft device for its X1 MPV line. BMW stated that the X1 MPV line will be installed with an engine immobilizer device as standard equipment. Key features of the antitheft device will include a key with a transponder, loop antenna (coil), engine control unit (DME/DDE) with encoded start release input, an electronically coded vehicle immobilizer/car access system (EWS/CAS) control unit and a passive immobilizer. BMW will not offer an audible or visible alarm feature on the proposed device.

BMW stated that the antitheft device is a passive vehicle immobilizer system. BMW further stated that the EWS immobilizer device prevents the vehicle from being driven away under its own engine power. BMW further stated that the EWS immobilizer device also fulfills the requirements of the European vehicle insurance companies.

BMW stated that activation of its immobilizer device occurs automatically when the engine is shut off and the vehicle key is removed from the ignition lock cylinder. Deactivation of the device occurs when the Start/Stop button is pressed and the vehicle starting process begins. BMW stated that deactivation cannot be carried out with a mechanical key, but must occur electronically. Specifically, BMW stated that its transponder sends key data to the EWS/CAS control unit. The correct key data must be recognized by the EWS/CAS control unit in order for the vehicle to start. The transponder contains a chip which is integrated in the key and powered by a battery. The transponder also consists of a transmitter/receiver which communicates with the EWS/CAS control unit. The EWS/CAS control unit provides the interface to the loop antenna (coil), engine control unit and starter. The ignition and fuel supply are only released when a correct coded release signal has been sent by the EWS/CAS control unit to deactivate the device and allow the vehicle to start. When the EWS/CAS control unit has sent a correct release signal, and after the initial starting value, the release signal becomes a rolling, ever-changing, random code that is stored in the DME/DDE and EWS/CAS control units. The DME/DDE must identify the release signal and only then will the ignition signal and fuel supply be released.

BMW stated that the vehicle is also equipped with a central-locking system that can be operated to lock and unlock all doors or to unlock only the driver's door, thereby preventing forced entry into the vehicle through the passenger doors. The vehicle can be further secured by locking the doors and hood using either the key lock cylinder on the driver's door or the remote frequency remote control. BMW stated that the frequency for the remote control constantly changes to prevent an unauthorized person from opening the vehicle by intercepting the signals of its remote control.

BMW further stated that all of its vehicles are currently equipped with antitheft devices as standard equipment, including the BMW X1 MPV line. BMW compared the effectiveness of its antitheft device with devices which NHTSA has previously determined to be as effective in reducing and deterring motor vehicle theft as would compliance with the parts-marking requirements of Part 541. BMW stated that the antitheft device that it intends to install on its X1 MPV line for MY 2016 has been sufficient to grant exemptions for other vehicle lines. Specifically, BMW has installed its antitheft device on its X1 (passenger car), X3, X4 and X5 vehicle lines, as well as its Carline 1, 3, 4, 5, 6, 7, Z4, and MINI vehicle lines, all which have been granted parts-marking exemptions by the agency. BMW asserts that theft data have indicated a decline in theft rates for vehicle lines that have been equipped with antitheft devices similar to that which it proposes to install on the X1 MPV line. BMW also stated that for MY/CY 2011, the agency's data show that theft rates for its lines are: 0.69 (1-series), 0.62 (3-series), 0.63 (5-series), 1.08 (7-series), 0.26 (X3), 0.00 (X5), 0.00 (X6), 0.55 (Z4/M), and 0.35 (MINI). Using an average of 3 MYs data (2010-2012), NHTSA's theft rates for BMW's 1 series, 3 series, 5 series, 6 series, 7 series, X3, X5, X6, Z4/M and MINI vehicle lines are 0.5503, 0.7177, 0.7314, 0.0000, 1.7952, 0.2055, 0.5501, 2.5840, 0.4696 and 0.3770 respectively. Theft data for BMW's X1 (passenger car), X4, and Carline 4 is not available.

BMW's submission is considered a complete petition as required by 49 CFR 543.7, in that it meets the general requirements contained in §543.5 and the specific content requirements of §543.6.

In addressing the specific content requirements of Part 543.6, BMW provided information on the reliability and durability of its device. To ensure reliability and durability of the device, BMW conducted tests and believes that the device is reliable and durable because it

complied with its own specific standards and the antitheft device is installed on other vehicle lines for which the agency has granted a parts-marking exemption. Further assuring the reliability and durability of the X1 antitheft device, BMW notes that the mechanical keys for the X1 MPV line are unique. Specifically, a special key blank, a special key cutting machine and the vehicle's unique code are needed to duplicate a key. BMW stated that new keys will only be issued to authorized persons, and the guide-ways that are milled in the mechanical keys make the locks almost impossible to pick and the keys impossible to duplicate on the open market.

BMW's proposed device lacks an audible or visible alarm, therefore, this device cannot perform one of the functions listed in 49 CFR Part 543.6(a)(3), that is, to call attention to unauthorized attempts to enter or move the vehicle. However, in its November 2014 petition, BMW asserted that in a previous *Federal Register* notice published by the agency (58 FR 44872, dated August 25, 1993), NHTSA's review of the theft data for 10 General Motors' (GM) vehicle lines that had been granted partial exemptions concluded that the lack of an audible and visible alarm had not prevented the antitheft device from being effective and that despite the absence of an audible or visible alarm, when placed on vehicle lines as standard equipment, the GM antitheft devices "continue to be as effective in deterring and reducing motor vehicle theft as compliance with parts-marking requirements." Therefore, BMW expects that the X1's antitheft device will be just as effective as parts-marking.

Based on the supporting evidence submitted by BMW, the agency believes that the antitheft device for the BMW X1 MPV line is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR Part 541). The agency concludes that the device will provide four of the five types of performance listed in §543.6(a)(3): promoting activation; preventing defeat or

circumvention of the device by unauthorized persons; preventing operation of the vehicle by unauthorized entrants; and ensuring the reliability and durability of the device.

Pursuant to 49 U.S.C. 33106 and 49 CFR 543.7 (b), the agency grants a petition for exemption from the parts-marking requirements of Part 541, either in whole or in part, if it determines that, based upon supporting evidence, the standard equipment antitheft device is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of Part 541. The agency finds that BMW has provided adequate reasons for its belief that the antitheft device for the X1 MPV line is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR Part 541). This conclusion is based on the information BMW provided about its device.

For the foregoing reasons, the agency hereby grants in full BMW's petition for exemption for the MY 2016 X1 MPV line from the parts-marking requirements of 49 CFR Part 541. The agency notes that 49 CFR Part 541, Appendix A-1, identifies those lines that are exempted from the Theft Prevention Standard for a given MY. 49 CFR Part 543.7(f) contains publication requirements incident to the disposition of all Part 543 petitions. Advanced listing, including the release of future product nameplates, the beginning model year for which the petition is granted and a general description of the antitheft device is necessary in order to notify law enforcement agencies of new vehicle lines exempted from the parts-marking requirements of the Theft Prevention Standard.

If BMW decides not to use the exemption for this line, it must formally notify the agency. If such a decision is made, the line must be fully marked as required by 49 CFR Parts 541.5 and 541.6 (marking of major component parts and replacement parts).

NHTSA notes that if BMW wishes in the future to modify the device on which this exemption is based, the company may have to submit a petition to modify the exemption. Part 543.7(d) states that a Part 543 exemption applies only to vehicles that belong to a line exempted under this part and equipped with the anti-theft device on which the line's exemption is based. Further, §543.9(c)(2) provides for the submission of petitions "to modify an exemption to permit the use of an antitheft device similar to but differing from the one specified in that exemption."

The agency wishes to minimize the administrative burden that Part 543.9(c)(2) could place on exempted vehicle manufacturers and itself. The agency did not intend Part 543 to require the submission of a modification petition for every change to the components or design of an antitheft device. The significance of many such changes could be *de minimis*. Therefore, NHTSA suggests that if the manufacturer contemplates making any changes the effects of which might be characterized as *de minimis*, it should consult the agency before preparing and submitting a petition to modify.

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Raymond R. Posten
Associate Administrator for Rulemaking

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